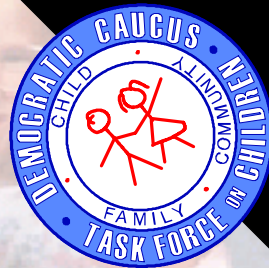


SPECIAL REPORT

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THE BUSH BUDGET AND CHILDREN

LEAVING TOO MANY BEHIND

The Bush Budget & Children: Leaving Too Many Behind

While President Bush has promised to leave no child behind, his budget “Blueprint for New Beginnings” breaks that promise and leaves many children behind.

First and foremost, the Bush budget puts tax cuts first, precluding important investments in education, health care, juvenile justice and closing the digital divide, among other things. These budget decisions are particularly harmful to children, because millions of families with children would get NO tax cut at all, while much needed improvements in education and health care for children are sacrificed in the Bush budget to pay for these tax cuts.

This report examines the Bush blueprint, showing how it fails to live up to the Bush promise to be a compassionate conservative committed to leaving no child behind. It looks at the following issues:

- Tax Cuts
- Child Care
- Head Start
- Health
- Education
- Digital Divide
- Juvenile Justice
- Welfare

Bush Tax Cuts Leave One-Third of Families with Children Behind

The more than \$2 trillion in tax cuts that the Bush budget spends the surplus on leaves many working families behind, despite claims that the tax cut would go to all taxpayers. The reality is that the tax cut will benefit the wealthy while leaving many families with children behind.

According to the Citizens for Tax Justice, 45% of the Bush tax cuts will go to the wealthiest 1% of families.

In contrast, according to the Center on Budget and Policy Priorities, 12.2 million low- and moderate-income families with children – 31.5% of all families – would get NO tax cut. (Some 80% of these families have at least one family member in the workforce.) Further, an estimated 24 million children – or 33.5% of all children – live in families that would receive NO tax reduction if the Bush plan were enacted. Of this total, 10.1 million are white, 6.1 million are black, and 6.5 million are Hispanic.

The six million black and Hispanic families that would receive no benefit from the proposal include 6.1 million black children and 6.5 million Hispanic children — or 55 percent of all black children and 56 percent of Hispanic children. Black and Hispanic children would be

more than twice as likely to be left out of a tax cut from the Bush plan as non-Hispanic white children would be.

This is the case because the Bush Administration fails to provide tax relief to low- and moderate-income working families that do not earn enough to owe federal income taxes but pay substantial amounts of payroll and other taxes. Millions of black and Hispanic families fall into this category.

That families with children will not get the tax cuts is only part of the problem. The fact is that the Bush tax cut would consume virtually all of the projected budget surpluses, leaving little for improvements in other areas critical to kids, such as education and health care.

Child Care

The need for quality child care is a daily concern for millions of American working parents. Every day, three out of five preschoolers are in child care while their parents work. Child care helps to shape the way children think, learn, and behave for the rest of their lives, but little attention is being paid to the quality of those experiences. Far too many American families with children are not getting what they need because quality programs are often unaffordable and difficult to find.

Despite the Importance, the Bush Budget Denies Child Care to 50,000 Poor Children. The Bush budget reduces resources for existing Child Care Development Block Grant (CCDBG) projects by \$285 million because — although it increases CCDBG by \$115 million — it creates a new \$400 million set-aside for after-school programs. As a result, approximately 50,000 fewer low-income children would receive child care, making it more difficult for their parents to work. The Bush budget proposes these cuts even though only one in 10 of the eligible children (about 1.5 million) currently receives child care assistance through the Child Care Development Block Grant program.

In areas like child care affordability and safety for both poor and middle-income kids, we need to do more, not less.

Head Start

The Bush budget contains \$33.6 billion in appropriations for Health and Human Services programs outside of National Institutes of Health (NIH), \$800 million less than the amount needed, according to CBO, to maintain purchasing power for these programs at their 2001 level. A proportional reduction in Head Start funding would mean a cut of \$145 million, resulting in 25,000 fewer children and their families receiving Head Start services in 2002.

The Bush budget could make this cut despite the fact that already only about 45% of children eligible are able to enroll in Head Start due to lack of funding. Head Start is a comprehensive program that currently helps 800,000 at-risk children, 3 through 5 years of age, to prepare for school and stay healthy by providing education, immunizations, health check-ups and nutritious meals.

Kids Health/Healthy Start & Child and Maternal Health

The latest figures show that 10.8 million children 18 and under lacked health coverage in 1999. Of the 10.8 million uninsured children, 4.4 million were white, 3.4 million were Hispanic, and 2.1 million were black. One in 5 kids has no regular source of health care.

Currently, Medicaid and the state Children's Health Insurance Program (CHIP) – designed primarily to help children in working families with incomes too high to qualify for Medicaid but too low to afford private family coverage – help get health care to more than 20 million kids.

Instead of building on Medicaid and S-CHIP coverage for children, the Bush budget proposes the largest single cutback in mandatory programs from changes in the Medicaid and State Children's Health Insurance Program. The budget states “[t]he Administration will also focus over the next few months on Medicaid and S-CHIP and recommend reforms that will improve the way these programs provide health coverage to the poor and near-poor.” The Administration assumes that these reforms will save \$17 billion over the next 10 years.

Specifically, the Bush budget cuts Medicaid spending by \$606 million in 2002 relative to current law. Over five years (2002-2006), Medicaid spending is \$6.9 billion lower than it would be otherwise, and \$17.4 billion lower over 10 years (2002-2011). Further, the budget alludes to replacing Medicaid and S-CHIP with private health insurance through health care tax credits and other unspecified proposals. However, such tax credits will not help poor children, since the working poor need money in advance to buy health coverage. Tax refunds at the end of the year would do little for these families.

Not only does the Bush budget set back efforts to get health coverage for uninsured kids, but it also may cut back on programs that work to reduce infant mortality.

A Potential 5.4% Cut in Healthy Start & Child and Maternal Health — According to House Budget Committee Democrats, appropriated health programs (other than NIH) will need to be cut overall by at least 5.4% from the FY2001 level adjusted for inflation, and possibly more because of budget increases in a few other programs, such as community health centers. That is because once the NIH increase (\$2.8 billion) is excluded from the budget, the remaining funds in the budget are insufficient to maintain other appropriated health programs at the 2001 level, according to CBO. These cuts may apply to health programs including: Healthy Start, Ryan White AIDS grants, maternal and child health, and Centers for Disease Control.

A cut in Healthy Start or Maternal and Child Health Services Block Grant would be harmful to children. The Healthy Start program provides grants to states to reduce infant mortality. Grants are focused on helping low-income mothers and infants, those with diverse racial and ethnic heritages and those living in rural or isolated areas without access to care. The Maternal and Child Health Services Block Grant program gives grants to states to develop federal/state systems of services for women before, during and after pregnancy and childbirth; and to reduce infant mortality and provide access to care.

Education

The Bush Budget Starves Key Education Initiatives. President Bush provides only a \$2.4 billion increase for education but proposes to spend nearly \$2 billion of that on reading and Pell grants. He leaves only \$400 million for all other education programs—including all other elementary, secondary, and higher education programs, special education, and vocational education—less than the Education Department needs just to keep up with inflation. His budget:

- **Zeros Out School Modernization.** The Bush budget eliminates the School Renovation Program for FY 2002 and retroactively redirects the \$1.2 billion already appropriated for this year to technology and special education. As many as 1,000 schools in disrepair will not be renovated.
- **Eliminates the Class-Size Reduction Initiative.** The Bush budget consolidates class-size and Eisenhower professional development, but fails to provide enough funding to continue reducing class size and expand professional development and training for teachers. The Class Size Initiative has helped schools hire 37,000 teachers and provide smaller classes to 2 million children.
- **Makes No Progress on Special Education Funding.** In his campaign, President Bush promised to increase resources for special education under the Individuals with Disabilities Education Act, moving toward federal “full funding” at 40% of the average per pupil expenditures. However, he has not released his IDEA request and the limited remaining resources in his budget make it unlikely that he will increase this year’s funding of 15% of special education costs.
- **Freezes Funding for After-School and Safety Programs Even Though These are Key to School Safety** — The budget combines and freezes funding for the Safe and Drug Free Schools program and the 21st Century Community Learning Centers after-school program. These programs are key to keeping kids off the streets after school, and preventing youth crime, and alcohol and drug use.

Bush Falls Far Short of the Democratic Education Plan. President Bush proposed \$1.6 billion for elementary and secondary education programs, only one-sixth of the \$9.7 billion proposed by the House Democratic legislation sponsored by Reps. George Miller and Dale Kildee. This \$8.1 billion shortfall could mean 1,600 fewer modernized schools, 16,000 fewer school counselors, 11,000 fewer qualified teachers, and 150,000 fewer children served by after-school academic enrichment programs not to mention the scores of children who will not receive the support to achieve because they are in schools that are not held accountable for results without the resources to achieve them.

Digital Divide

One area where leaving no child behind is particularly important is in access to computers and the internet – the new gateway to education and information. There is clearly a digital divide in which those who are poor and live in rural areas are in danger of being left behind relative to wealthier residents of urban areas. This problem continues to be most significant for black and Hispanic children. While 46% of white households are connected to the internet, only 23% of black and 23% of Hispanic households have internet access.

Studies show that students who have daily access to cutting-edge technology perform better academically. A 1996 study showed that students with internet access presented school projects in more creative ways and submitted work that was more complete and had better syntheses of different points of views. Exposure to education technology is essential to preparing students for the jobs of the future. Studies continue to confirm that computer proficiency will be important to most jobs in the 21st Century.

Yet, the Bush Administration is proposing to slash government programs providing computers and internet access to poor and underserved areas. Press reports indicate the Bush budget would slash about 65% from efforts to bridge the digital divide by providing computers and internet access to poor and underserved areas. The program would be cut to \$15 million from \$42.5 million.

Further, Bush proposes to save \$175 million by ending loans from the Rural Telephone Bank, created as an alternative source of financing to establish private rural telephone companies. These funds are important to modernizing the telecommunication infrastructure in rural America. Continuing this program is critical to ensuring that rural residences are not left behind in the internet economy.

Finally, many are concerned that the President Bush will eliminate the E-rate program, an extremely successful program that brings technology into many schools with kids who have no access to technology otherwise.

Juvenile Justice

President Bush's budget would freeze the Justice Department's budget, effectively cutting the department by 9% when accounting for inflation. These cuts at the Justice Department could hinder efforts to fight juvenile delinquency.

Specifically, the Bush budget targets the Office of Justice Programs for a \$1.5 billion cut. The Office of Juvenile Justice and Delinquency Prevention is one of several programs that could suffer as a result of these proposed cuts. The Office of Juvenile Justice and Delinquency Prevention provides funds to strengthen state juvenile justice systems and assist communities in reducing youth crime. The Office also monitors the health and safety of juveniles who are under the jurisdiction of the juvenile system.

Budget cuts could impact funding for proven strategies for reducing youth crime including:

- mentoring programs
- gang prevention
- alcohol and substance abuse prevention
- juvenile drug courts
- family strengthening programs
- hate crime prevention programs
- teen courts
- school based violence prevention programs

The Bush budget proposes Justice Department cuts even though juvenile justice programs work. The violent juvenile crime rates continue to drop. Overall, there has been a 23% drop in the juvenile violent crime arrest rate over the past five years, dropping to its lowest level in 10 years despite continuous growth in the juvenile population. Juveniles now account for 12.4% of overall violent crime — a decline from 14% in 1995.

Welfare

Temporary Assistance for Needy Families funds currently provide cash assistance, child care, and other anti-poverty services to families with children. More than 6 million children – or 9% of all children – live in families receiving TANF. The Bush budget permits states to divert federal TANF funds to offset revenue losses from the Bush proposal to create new state income tax credits for charitable contributions. However, the Bush budget does not provide additional TANF funds to cover spending associated with this initiative. The Bush budget could result in real cuts in TANF funds going to families and their kids.

Conclusion

While the President has talked a great deal about compassionate conservatism and leaving no child behind, his budget appears to be off-message. Unfortunately, the Bush budget appears to put children, who are the key to our success, behind over \$2 trillion in tax cuts. This means not only that America's children will not get critical new services, but will actually lose existing services they rely on for food, health, safety, and education.